

Innovations

Corporate Governance and Firms Value: Empirical Evidence from Listed Troubled Firms in Nigeria

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Abstract: *This study empirically examined the impact of effective corporate governance on the performance of Nigeria's non-financial listed troubled firms. Agency theory and Resource dependency theory serve as the framework of a conceptual model. Two corporate governance mechanisms, board size and gender diversity, are examined on performance indicator-TQ using the panel data regression methodology. The empirical test results on selected troubled firms listed on the Nigeria exchange for 2012-2021 indicate that the board characteristics examined have no weighty implication for the firm value (TQ). This study concludes that corporate governance has no significant impact on the performance of troubled listed firms and therefore recommends that the board's composition in terms of size and gender diversity should be based on an appropriate blend of expertise, exposure, competence, and skills requirements.*

Keywords: *Corporate governance, Troubled firms, agency theory, resource dependency theory, board size, gender diversity*

1 Introduction

The necessity for corporate governance arose from the separation of ownership from control, which led to agency conflict between the management and the firm's owners, often due to information asymmetry and conflict of interest (Cadbury, 2000; Jensen & Meckling, 1976). Good corporate governance practices are centered primarily on accountability, transparency, fairness, and responsibility management, benefiting organizational stakeholders comprising employees, consumers, investors, the community, and society. It is regarded as an effective internal apparatus for aligning divergent stakeholders, thereby minimizing agency costs. The post-Enron consequences of corporate scandals and collapses resulted in a shift

from the traditional agency focus of corporate governance to accountability, transparency, reporting, and disclosure, otherwise regarded as ethical issues. Thus, necessitating the enactment of the Sarbanes Oxley Act 2002 in the United States to promote good corporate governance practices.

With globalization, expansion, and technological advancements resulting in dynamic changes in the organizational structures across emerging and developed economies, the concept of corporate governance has continued to be a relevant phenomenon, especially in the marketplace (Freeman, 2010). However, the subsequent corporate crises in 2008 (following that of 2000) and to date have bolstered corporate governance position as a fundamental research issue questioning whether it plays a propitious role in firms' performance. Organizations do not exist in a vacuum; therefore, with internal and external expansion comes the need to interact with their environment by acquiring materials and human assets, output their finished products to the community, and get the necessary feedback from their environment. Considering the extent of its tentacles like an octopus across society, the consequences of firms' failure, therefore, have enormous adverse impacts that can be felt across every fiber of society. This, ranging from erosion of investors' wealth, loss of jobs and job opportunities, distress, and eventual collapse of the firm, has been associated majorly with corporate governance deficiency (Kyere & Ausloos, 2020). There is an interconnection between the organization and the society at large. While bad corporate governance has been blamed for organizations' failure, on the other side of the coin are the activities of diverse parties' "stakeholders" having an interest in the organization (Freeman, 2010). According to Kyere and Ausloos (2020), stakeholders' activities can also affect the organization. For instance, where they are dissatisfied with the organization's operations, they may react unfavorably to it by boycotting its products and poor productivity, amongst others, thereby necessitating a modification of its corporate governance structure and processes from shareholders' primacy to stakeholders (Rodriguez-Fernandez, 2016). Hence, corporate governance mechanisms can be considered related to the performance of firms.

Several academic researchers have been exploring the connectivity between corporate governance and firm performance. In their opinion, they posit that effective corporate governance has a strategic complementary impact on organizations' performance (Alabdullah, Ahmed, & Ahmed, 2021; Alabdullah&Maryanti, 2021; Ehikioya, 2009). On the converse, other researchers have presented a differing view (Akinleye, Olarewaju and Fajuyagbe, 2019; Siyanbola, Obegbor, Okeke & Okunade, 2019; Lehman & Weigand, 2000; Bolton & von Thadden, 1998). A poorly performing firm is characterised by low performance, market value coupled with high bankruptcy risk (Ehikioya, 2009). Furthermore, Research and expansion projects by firms require funding and improved

access to funds in the financial market at a reduced cost; the investors' confidence and willingness to invest have largely been attributed to the effectiveness or otherwise of the firm's corporate governance mechanism (Huo, Lin, Meng & Wood, 2021). Evidence from extant literature indicates that firms with good corporate governance mechanisms are able to increase their value by 10-12% (Handoyo & Anas, 2024). This is a key consideration for investors as they are keen on paying high premium for the shares of firms perceived to have a good corporate governance mechanism (Kyere & Ausloos, 2020; Alsayegh, Abdul Rahman, & Homayoun, 2020; Affes & Jarbou, 2023). On the other hand, firms with "bad" corporate governance are given low prominence and often struggle to obtain capital, which has been attributed to firms' market values. While a lot of research has been carried out based on financial and non-financial sectors as well as across economies (developed and emerging), not much has been done with respect to the influence of CG on firms' performance on the basis of their "health status".

To provide robust insight into CG, this study examines the weightiness of CG on the financial performance of troubled listed firms in Nigeria. A criteria-based sample of manufacturing firms listed on the Nigeria Stock Exchange for 2012-2022 is selected to allow for sectorial generalization. Both agency and resource dependency theoretical frameworks are adopted to provide insights into the research question: Does CG have any weighty influence on the performance of troubled firms in Nigeria? Board characteristics of size and gender diversity are employed as corporate governance proxies, while performance/profitability is captured using firm value (TQ). This is consistent with the study by Kyere and Ausloos (2020). Controlling variables for this study are firm size and leverage. A condition-based sample of listed manufacturing firms using the Altman Z score to determine their "health status" will be tested differently from other prior research where the firms' "health status" was not examined.

This research work is structured as follows: Section 2 – review of literature; Section three- methodology; Section 4- results and discussions; and Section 5- summary and recommendation.

2. Review of literature

2.1 Theoretical background

The board of directors is responsible for steering the firm's affairs (Cadbury, 2000) through strategic policy formulation, budget preparation, and monitoring and reviewing previously formulated strategies and policies for corporate sustainability. This is in addition to access to adequate resources, expertise, and skills necessary to enhance the performance and long-term sustainability of the firm. The probability of this resides in the positive alignment between the owners of the firm and the management. Both theories on agency and resource dependency address this issue.

2.1.1 Agency theory

Expansion and growth of firms often result in the separation of ownership from control necessitating an agency relationship being created between the owners of the firm (principal) and its management (agent). The presence of information asymmetry between the principal and agent coupled with conflict of interest creates an agency conflict. According to Donaldson and Davis (1991), resolution of this agency conflict is the principal focus of the agency theory. This theory affirms that a resolution of the conflicts between the agents and the principal would ultimately result in enhanced financial performance, especially when the associated costs incurred in resolving the conflict are minimized. This cost, or agency cost, comprises bonding, monitoring, and structuring/residual costs (Abid, Khan, Rafiq & Ahmed, 2014). The adoption of a good corporate governance mechanism, for example, the appointment of a board of directors by the principal, serves as checks and balances to the activities of the management, resolves the conflict of interest, creates a sense of accountability and transparency, thereby protecting the interest of the principal and promoting corporate sustainability. This theory aligns with the definition of CG given by Shlifer and Vishny (1997) as a means by which the shareholders (principals) assure themselves of a reasonable return on their investment.

2.1.2 Resource dependency theory

The resource dependency theory takes a deeper insight into the medium of resolving the principal-agent relationship (Board of directors) by viewing the board as a core resource of the firm. It posited the board as having the capacity to provide the necessary balance required in areas of knowledge, skills, expertise, and experience in addition to being a link to the firm's external environment and needed business contacts, thus enhancing the firm's financial performance. It brings diversity to the board dimension such as board qualifications, experience, skills, gender, etc. Advocates of this theory affirm that a more diversified board will deliver more valuable resources, which will, in turn, positively affect the firm's performance. In this line of thought, the resource dependency theory suggests that a gender-unbiased board is more effective in achieving the firm's objective. This is more so as the female gender is considered risk-averse with a low tolerance for creative accounting practices and more effective in their monitoring role (Lakhal, Aguir, Lakhal & Malek, 2015)

2.2 Empirical framework

2.2.1 Board size

Board size is a concept that connotes the total number of boards of directors on a firm's board. As the board of directors is charged with strategic directing and controlling the firms, the argument for an optimum number of members to be

included on the board constituent remains a key dominant issue in existing literature (Kyere & Ausloos, 2020; Fama & Jensen, 1983). The bone of contention lies in determining the optimum size, which will, in turn, translate to maximizing firms' financial performance.

Generally, it is assumed that a large board member creates an avenue for proper supervision, possesses necessary and required technical skills, competence, experience, and knowledge, as well as access to enormous resources required for efficient performance (Bazhair, 2021; Milojevic et al., 2023). However, advocates of a smaller board member (Rashid, Zobair, Chowdhury and Islam, 2020; Cao, Yang and Liang, 2021; Abu and Bamidele, 2023; Aernan, Emengini and Okwonkwo, 2023) posit that a larger board does not foster needed board cohesion, delays decision-making, and are more expensive to maintain. Thus posing an adverse impact on the firm's performance. Operating a small board membership has been associated with better coordination and a reduction in "social loafing," resulting in enhanced strategic interaction. Jensen (1993) suggested a size of 7 or 8, while Lipton and Lorsch (1992) recommended 10. Yilmaz, Ahmet, and Gabriel (2020) claim a negative association between board size and financial performance using ROA as a performance gauge. In contrast, Alabdullah and Maryanti, (2021); Alabdullah and Ahmed, (2021), Akshita and Sharma (2015) discovered a direct relationship between massive board members and financial performance.

2.2.2 Board gender diversity

The continuous advocacy for gender equality based on the Sustainable Development Goal 4 (SDG4) coupled with gender inclusiveness has generated more research into whether diversity in gender has any significant effect on the performance of any organization. Board gender diversity is the proportion of female board members to the overall board size/magnitude. Proponents of it, alongside both agency and resource dependency theory, are of the opinion that gender inclusivity provides fresh insight into diversity, collaborative skill, and risk-averse amongst others. As such, it reduces the incidence of earnings smoothing and gives better attention to market-driven issues compared to their male counterpart (Onyekwere & Babangida, 2022; El-feky, 2023). According to McKinsey & company (2020), organizations with female-infused boards are 25% more likely to have their performance enhanced above average. Contrary opinion, however, exists in extant literature on the efficacy of operating a female-infused board (Kweh, Ahmad, Kiong, Zhang, and Bin Hassan, 2019; Milojevic et al., 2023). While a third wheel, Adebayegun and Igbekoyi (2022); Agbaje, Adebayo, and Adeboboye (2024), indicated board gender diversity has no effect on performance. Hence, this board characteristic still craves a more robust empirical insight as it is still in its emergent state.

2.3 Overview of previous literature relevant to emerging Economies-Nigeria

Findings on corporate governance structures in Nigeria-listed firms indicate positive, negative, and, in other instances a, mixed result. Agbaeze and Ogosi (2018) indicated that the board of directors as a corporate governance mechanism strongly influences Nigerian bank profitability proxied by profit after tax (PAT). Nwaiwu and Joseph (2018) discovered the existence of a non-significant association between board size, audit committees, and returns on asset(ROA) but significant in relation to earnings per share (EPS).Oyedokun, Sanyaolu, and Bamigbade (2017) indicate a substantial positive association between board magnitude and independent firm performance proxied by EPS, DPS,and MPS.Enilolobo, Adesanmi, and Aigbe (2019), assessing corporate governance mechanisms and performance in food and petroleum firms, also affirms the existence of an adverse association between Board size and ROA on one hand and a direct association between board independence and ROA on the other. Based on their empirical analysis, Eluyela et al. (2018) posit that board size has a plus effect on performance.

Emeka and Bello (2016) investigated the effect of board size and independence on the ROA of financial institutions. They documented a significant negative association between the size of the board and ROA on one hand and a positive association with board independence. Olayiwola (2018)discovery is in consonance with that of Emeka and Bello (2016) using net profit margin as a measure of profitability. Abubakar, Yahaya, and Joshua(2023) reported a positive significance amongst board magnitude, while board independence andboard gender diversityshowed no significance.Ogboi, Aderimiki, and Enilolobo (2018); Adesanmi, Sanyaolu, Isiaka, and Fadipe (2019) and Onyekwere and Babangida, 2021 investigating financial banks in Nigeria and adopting pooled ordinary regression analytical method discovered board gender positively improves financial outcomes. By extension, findings by Imade, (2019) from analysing 72 firms on the Nigeria Exchange group for the duration of 2006-2016 concurs with the foregoing. However, Adetula, Owolabi, Egbide, and Adeyemo (2019), examining gender heterogeneity and performance, identified a negative performance largely motivated mainly by board diversity; Awotomilusi and Dare (2022), examining 13 deposit money banks in Nigeria from 2011-to 2020, also found a negative association in line with the others.In other instances,Adeboyegun and Igbekoyi (2022), utilizing secondary data from 20 manufacturing firms quoted on the NGX between 2011-2020, considered the impact of board diversity on financial performance. Their findings showed an insignificant association between two variables of interest. In the same vein, Okeyide (2018), employing mixed methods, studied the connection between diversity and performance. Their findingsalso indicated that board gender diversity had an insignificant effect on performance while ethnic diversity positively affected performance.

From the foregoing, empirical findings show an inconclusive state of research. Judging from the palpable importance of governance to the overall well-being of the firm as well as the attendant adverse consequences of corporate scandals, distresses, and failures, the necessity is therefore laid on researchers to delve in deeper by providing further insight into the impact of good corporate governance on firms' performance putting into consideration the health status of the firm. In other to do this, we consider a sample of manufacturing firms listed on the NGX using the Altman Z score to determine their health status and thus carry out an analysis of board characteristics and performance of the troubled firms in Nigeria. Effects of Board size and gender diversity on firm value are examined using data obtained from the NGX website.

3. Methodology

This section highlights the analysis of empirical data for both the dependent and the independent variables coupled with their respective indicators.

3.1 Time frame and statistical analysis model

A panel data of firms listed on the NGX from 2012 to 2021 is analyzed. Data cutting across 2012 to 2021 have been chosen because they contain the complete financial data required for a robust study. Moreover, the periods prior to 2012 were considered as a recovery period for firms especially after the financial watershed between 2007 and 2008. In addition, 2019 is selected as the base year for assessing the health status of the samples using Altman Z score. This is because of the impact of COVID-19 on firms globally; therefore, 2020 is considered an outlier year. This study combines both time series and cross-sectional data. Hence, panel data regression analysis is used to test the secondary data obtained from the NGX website from 2012 to 2021.

3.2 Research and sampling design

This study employs the use of listed firms on the NGX as they are expected to comply with set regulatory standards and prepare accounting information in line with international financial reporting standards (Ehikioya, 2009). In addition, only non-financial firms, specifically manufacturing firms, are considered in this study. This prevents outlier effects as financial firms are subject to different regulations and have different asset structures, unlike their counterpart (Ausloos, Bartolacci, Castellano & Cerqueti, 2018; Kyere & Ausloos, 2020). Using 2019 as the base year, the listed manufacturing firms' health status is then assessed using the Altman Z score. Manufacturing firms with z-scores higher than 2.9 (safe zone) are considered and classified as non-troubled firms, while those below 1.8 (distress zone) are classified as troubled.

3.3 Hypotheses development

Hypothesis one: Troubled firms with larger board magnitude achieve superior financial performance (Kyere& Ausloos, 2020).

Hypothesis two:Troubled firms with board gender diversity achieve higher levels of financial performance(Onyekwere and Babangida, 2021).

3.4 Description of variables and measure indicators

3.4.1 Dependent variable

The dependent variable, corporate performance, is measured using firm value (TQ), a forward-looking financial market measure. This aligns with Fama's (1970) efficient market hypothesis to capture existing assets and future growth ability of the company. Moreover, TQ captures investors' expectations of future events, alongside their evaluation of current business strategies(Ehikioya, 2009; Kyere & Ausloos, 2020)

$$TQ = \frac{\text{Total firm's market value}}{\text{Total firm's asset value}}$$

3.4.2 Independent variables

Corporate governance structures comprising board size and gender diversity are employed as independent variables in this study.

-Board size (board magnitude): connotes the total number of board of directors on board of a firm.

-Board gender diversity: denotes the total number of female directors on the board of a firm i.e.

$$\text{Board gender diversity} = \frac{\text{Number of female directors}}{\text{Total number of board directors}}$$

3.4.3 Control variables

Researchers such as Kyere and Ausloos (2020) and Koji, Adhkary, and Tram (2020) have employed leverage and firm size as control variables in their study. These variables are determined using the following formulas:

$$\text{-leverage} = \frac{\text{Total Asset}}{\text{Total shareholders' equity}}$$

-firm size= Log of total firm's assets.

3.5 Model specification

Combining both time series and cross-sectional data, this study employs a single panel data regression model:

$$TQ_{it} = \beta_0 + \beta_1 BS_t + \beta_2 BGD_t + \beta_3 FSize_t + \beta_4 Lev_t + e_t \dots \dots \dots (1)$$

Where:

TQ: market value of the firm
 BS: Size of the board of directors
 BGD: Board gender diversity
 Lev:Leverage
 FSize: Size of the firm
 e_t : error term

4. Results and discussion

This segment covers the discussion of the empirical data employed in the study. The descriptive statistics is utilized to indicate the nature and structure of data pertaining to the variables of interest. A panel regression analysis is detailed to show how the independent variables can either enhance or diminish the TQ

4.1 Descriptive statistics

Statistical characteristics such as the average, minimum, maximum, skewness, kurtosis, standard deviation, and Jacque-Berra are reported in Table i for all the variables of interest pertaining to a sample of 8 selected troubled firms quoted on the NGX.BS has a positive skewness and a moderate kurtosis, indicating that it is slightly skewed to the right and has a few high values. TQ has a high skewness and kurtosis, indicating that it is highly skewed to the right and has a few extreme values.BGD has a zero minimum value, indicating that some firms have no board female gender diversity. With reference to the control variables, Lev has a negative minimum and a very high maximum value, indicating that it has a wide range and some outliers. Such a negative debt to equity implies a higher cost of borrowing than the sampled firms' return on investment. FSize has a low standard deviation and a low kurtosis, indicating that it has little variation and a normal-like distribution.

From Table ibelow, it is seen that among the variables considered in this study, board female gender diversity displays the highest mean score at 14 females followed by the average board size of 11 members and average asset growth of 7.08 percent while the company's return on asset, market value, the capital structure had an average growth of 0.86, 1.02 and 1.42 percent respectively.

Table i: Descriptive statistics

Analysis of results

Descriptive statistics of troubled firms

	TQ	LEV	FSize	BS	BGD
Mean	1.018000	1.415500	7.082125	10.96250	14.11000
Median	0.405000	1.480000	6.980000	10.00000	12.50000
Maximum	5.260000	202.9000	8.760000	19.00000	45.45000
Minimum	0.040000	-253.8300	5.310000	6.000000	0.000000
Std. Dev.	1.450868	37.28376	1.000659	2.978589	11.76112
Skewness	1.858840	-2.055764	0.062995	0.750930	0.363246
Kurtosis	5.001115	39.12784	2.091237	2.998557	2.253136
Jarque-Bera	59.41869	4407.085	2.805746	7.518613	3.618655
Probability	0.000000	0.000000	0.245890	0.023300	0.163764
Observations	80	80	80	80	80

Source: Researcher’s computation with E-view, 2024

4.2 Regression analysis

The regression models are utilized to establish the influence of CGM on the variables TQ. The statistical outcomes are detailed in tables 3 and 4 respectively. Table ii shows the regressed findings in relation to the variables and their influence on performance. BS, BDG, and FS all have negative coefficient of -0.07, -0.02, and -1.43 at a p-value of 0.15, 0.13, and 0.00 respectively given a 5% significance level. By implication, only FS is statistically consequential and has predictive power on TQ. Hence, changes in BS, BGD and LEV will not cause any influential changes on the selected troubled firms’ performance when measured using TQ. From the Table ii, it can therefore be predicted that an additional unit change in BS and BGD will result in 7% and 2% decline respectively in TQ. Also, R^2 (overall) = 0.76 shows 76% of both the independent and control variables accounts for the variation in the dependent variable TQ while 24% are outside the variables of interest in this study.

Table ii: Regression analysis

Correlated Random Effects - Hausman Test				
Equation: Untitled				
Test cross-section random effects				
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	
Cross-section random	12.064288	4	0.0169	
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var(Diff.)	Prob.
BOARD_SIZE	-0.073716	-0.052552	0.000101	0.0351
BOARD_FEMALE_GENDER_DIV...	-0.022981	-0.025352	0.000021	0.6037
DEBT TO EQUITY X	-0.002805	-0.003099	0.000000	0.1246
LOG_OF_TOTAL_ASSET	-1.429987	-0.888227	0.056804	0.0230
Cross-section random effects test equation:				
Dependent Variable: TOBIN_Q_X_				
Method: Panel Least Squares				
Date: 04/11/24 Time: 16:15				
Sample: 2012 2021				
Periods included: 10				
Cross-sections included: 8				
Total panel (balanced) observations: 80				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.28170	2.543768	4.828152	0.0000
BOARD_SIZE	-0.073716	0.050913	-1.447875	0.1522
BOARD_FEMALE_GENDER_DIV...	-0.022981	0.014817	-1.550987	0.1255
DEBT TO EQUITY X	-0.002805	0.002382	-1.177748	0.2430
LOG_OF_TOTAL_ASSET	-1.429987	0.378704	-3.776002	0.0003
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.775596	Mean dependent var	1.018000	
Adjusted R-squared	0.739296	S.D. dependent var	1.450868	
S.E. of regression	0.740802	Akaike info criterion	2.375314	
Sum squared resid	37.31755	Schwarz criterion	2.732618	
Log likelihood	-83.01256	Hannan-Quinn criter.	2.518567	
F-statistic	21.36594	Durbin-Watson stat	0.918552	
Prob(F-statistic)	0.000000			

Source: Researcher’s computation with E-view, 2024

From Table ii, BS, BGD, and LEV indicates low p-values of 0.15,0.13, and 0.24 respectively which implies the absence of a significant predictive power on TQ while Fsize shows significance at 0.0003.

Model 1 can thus be rewritten as follows:

$$TQ_{it} = 12.28 - 0.07BS_t - 0.02BGD_t - 1.43 \beta_3 FSize_t - 0.003LEV_t + e_t \dots \dots \dots (2)$$

By implication from the new model, a unit increase in BS, BGD, and FSize will reduce the TQ by 7%, 2%, and 1.43% respectively.

Concerning board size, which indicates a statistically non-influential effect on TQ, we conclude that adding additional members to the board of troubled firms will have no desirable effect on its TQ. This is consistent with Abu and Bamidele (2023). This study, therefore, considers the rejection of the first hypothesis.

BGD also shows an insignificant, albeit adverse, effect on the performance of troubled firms using TQ. This, while contradicting the findings of Kweh et al. (2023); and Onyekwere and Babangida (2022), aligns with that of Adebayegun and Igbekoyi (2022). Therefore, the second hypothesis that troubled firms with board gender diversity achieve high financial performance is also rejected.

From the foregoing, the results from the empirical analysis show that board characteristics are indicators of board size, and BGD has no significant connotation to the performance of troubled firms. Moreover, both BSize and BGD of the selected troubled firms negatively affect the firm value measured. By indication, an increase in the population of board members will not significantly affect the TQ of the troubled firms. concerning TQ, a large board magnitude is perceived to be of weighty consequence for the financial market in terms of providing enabling resources necessary for the present and future sustainability of the firm. Moreover, it is posited to provide a better avenue for adequate monitoring of the agents' activities. While the board's responsibility entails strategic policy formulation, monitoring, and control, these will not be enhanced by increasing their numbers; hence, it bears no weight as to its TQ. This is in consonant with the argument proffered by Jensen (1993), advocating for a smaller board number. This outcome is dissonant with that of Kyere and Ausloos (2020). The study finding shows BGD has an insignificant influence on TQ. This aligns with the findings of Awotumilusi and Dare (2022) and Adetula et al. (2019). By implication, the presence of the female gender on the board of troubled firms portends negative connotations for the performance of the selected troubled listed firms. This means it will result in a reduction in the market value of the ailing firms.

From the analysis, all variables (R²-overall) account for 76% of the variation in TQ. By indication, further empirical research is required to provide a robust framework for the outstanding deficit.

5. Conclusion and recommendation

This paper examined the effect of two CG mechanisms (Board size and Board female gender diversity) on the performance (TQ) of troubled firms in Nigeria, considering two control variables. To achieve this objective, the study employed data covering 10 (ten years) from 8 (eight) listed criteria-based selected troubled firms on the NGX in 2023. This sample is limited to troubled manufacturing firms using the Altman z-score. The agency and resource dependency theory serves as the anchor theories for this work. The study result shows that board size has a

negative insignificant effect on TQ, an indication that a unit increase in board size will result in a reduction in TQ, albeit insignificantly. Furthermore, board female gender diversity also tests negative to TQ insignificantly. By implication, a unit increase in the population of females on board of selected troubled firms will result in a decrease in their firm value. Ultimately, our findings indicate that both Bsize and BFGD board characteristics have negative and insignificant implications for TQ for ailing firms in Nigeria. It is recommended that troubled listed firms in Nigeria improve their financial market value by adopting a balanced CG mechanism (Board size and Board Female Gender Diversity) based on appropriate qualifications, expertise, experience, exposure, and skills. Future research might examine the effect of board ownership on troubled firms' performance. This will provide added insight into the literature on corporate governance.

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